

Message Text

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ACTION XMB-07

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TO SECSTATE WASHDC 9789

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FOR EXIM BANK

EO 11652: NA

TAGS: BEXP, EFIN, EG,

SUBJ: US FIRM REQUESTS EXIM FINANCING FOR DEAL WITH EGYPT

1. DR RAYMOND EGAN, VP OF GRANGER ASSOCIATES WHO RECENTLY VISITED KUWAIT AS PART OF COMMERCE-SPONSORED COMMUNICATIONS AND SERVICES TRADE MISSION, HAS REQUESTED EMBASSY ASSISTANCE IN EXPLORING POSSIBILITY ARRANGING EX-IM FINANCING FOR SUBSTANTIAL SALE OF UHF EQUIPMENT TO EGYPTIAN MIN OF INTERIOR.

2. EGAN, WHO ACCOMPANIED BY CHRIS BREYFUS, A COLLEAGUE FROM GRANGER'S UK SUBSIDIARY, TOLD EMBOFF GRANGER HAS BEEN IN CONTACT WITH EGYPTIAN INTERIOR OFFICIALS FOR ALMOST TWO YEARS TRYING TO SELL THEM UHF MULTI-CHANNEL LINK RADIO EQUIPMENT FOR COMMUNICATION BETWEEN POLICE STATIONS THROUGHOUT LOWER AND UPPER DELTA. AS A RESULT THEIR EFFORTS, EGAN CLAIMS EGYPTIANS WROTE TENDER FOR SUCH EQUIPMENT BASED ON GRANGER SPECS. THE TENDER CAME OUT A WEEK AGO AND INITIAL PURCHASE IS LIKELY BE BETWEEN \$500,000 TO \$750,000 WITH POTENTIAL FOLLOW-ON SALES OF \$3 MILLION. EGAN BELIEVES MAIN STUMBLING BLOCK TO THEIR CONCLUDING DEAL IS ADEQUATE FINANCING AT A RATE NOT TO EXCEED EIGHT PERCENT. HE CERTAIN JAPANESE FIRM IS OFFERING EGYPTIANS

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COMPARABLE EQUIPMENT AT INTEREST OF 5-6 PERCENT WITH PAYMENTS

SPREAD OVER FIVE YEARS.

3. EGAN SAYS COMPANY HAS TRIED IN PAST TO ARRANGE EX-IM FINANCING FOR THIS DEAL WITHOUT SUCCESS BECAUSE EGYPT UNRATED COUNTRY. HE BELIEVES SITUATION MAY NOW BE CHANGED IN VIEW RECENT EX-IM SUPPORT FOR SUMED PIPELINE AND JUST CONCLUDED AGREEMENT TO ESTABLISH JOINT US-EGYPTIAN COMMISSION TO PROMOTE COOPERATION IN ECONOMIC, SCIENTIFIC, AND CULTURAL FIELDS.

4. BREYFUS WILL BE VISITING CAIRO SOON AND PLANS CALL ON COMMOFF.

5. COMMENT AND ACTION REQUESTED: BECAUSE OF TIME ELEMENT INVOLVED AND FACT EGAN RECENTLY PARTICIPATED IN USG-SPONSORED TRADE MISSION HERE WE PASSING HIS REQUEST DIRECTLY TO WASHINGTON. EGAN'S SPECIFIC REQUEST IS THAT EXIM RECONSIDER FINANCING FOR DEAL AND NOTIFY GRANGER ASSOCIATES, MENLO PARK, CALIFORNIA OF CURRENT THINKING. EMBASSY CAIRO COMMENT REQUESTED.
MCCLELLAND

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